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Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 ICAE-00 INRE-00 AID-05 CEA-01
COME-00 EB-08 EA-10 FRB-03 INR-10 NEA-11 OPIC-03
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
/100 W
----------111673 081050Z /13
O R 081026Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 2875
INFO AMEMBASSY LONDON
USMISSION GENEVA
AMEMBASSY BRUSSELS

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USOECD

USEEC

USMTN

E.O. 11652: N/A
TAGS: ETRD, OECD
SUBJECT: UK POSITION ON MULTILATERAL STEEL PROPOSAL

1. AT HIS REQUEST, U.S. REPS TO OECD AD HOC STEEL GROUP (BARRACLOUGH AND HEIMLICH) MET PRIVATELY WITH UK REP (ALLOTT) TO HEAR EXPLANATION OF UK POSITION ON THE STEEL PROPOSAL. ALLOTT SAID UK COULD NOT AGREE TO ESTABLISHMENT OF A PERMANENT STEEL COMMITTEE UNTIL IT HAD FIRM ASSURANCES THAT U.S. FIRMS WOULD WITHDRAW PENDING ANTI-DUMPING CASES AFFECTING THE UK. HE CLAIMED THAT PENDING CASES WERE HAVING AN ADVERSE EFFECT ON UK EXPORTS TO THE U.S. AND IT WAS THE UK'S UNDER-
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STANDING THAT THE U.S. HAD GIVEN ASSURANCES AT THE END OF LAST YEAR THAT PENDING CASES WOULD BE WITHDRAWN. HE SUGGESTED THAT IF WITHDRAWALS ARE NOT POSSIBLE NOW, WE SHOULD DELAY FURTHER CONSIDERATION OF THE STEEL PROPOSAL UNTIL TRADE STATISTICS MADE CLEAR, AS UK EXPECTED, THE SERIOUS EFFECTS PENDING CASES ARE HAVING ON UK EXPORTS TO THE U.S.

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2. U.S. SIDE RESPONDED THAT NO ASSURANCES WERE GIVEN LAST YEAR OR SINCE THAT PENDING DUMPING CASES WOULD BE WITHDRAWN. THE LEGAL AND POLITICAL CONSTRAINTS WHICH MADE SUCH ASSURANCES IMPOSSIBLE HAVE BEEN MADE CLEAR FROM THE OUTSET AND WERE RECENTLY REITERATED BY THE U.S. AT THE US-EC BILATERALS IN BRUSSELS. OUR UNDERSTANDING WITH COMMISSIONER DAVIGNON WAS THAT EACH SIDE RECOGNIZED THE SENSITIVE AND DIFFICULT POLITICAL PROBLEMS ARISING FOR THE OTHER OUT OF THE CURRENT STEEL SITUATION AND EACH WOULD TRY TO CONDUCT ITSELF SO AS NOT TO AGGRAVATE THE PROBLEMS OF THE OTHER. WE BELIEVED WE HAD ACTED IN ACCORDANCE WITH THIS UNDERSTANDING. WE OPINED THAT IT WAS NOT SURPRISING THAT U.S. STEEL FIRMS WERE ADOPTING A WAIT-AND-SEE ATTITUDE IN LIGHT OF THE RECORD LEVEL OF IMPORTS, PARTICULARLY FROM EUROPE, IN THE FIRST FOUR MONTHS OF THIS YEAR. WE NOTED THAT NATIONAL STEEL HAD RECENTLY WITHDRAWN ITS REQUEST FOR A COST-OF-PRODUCTION INVESTIGATION AND THAT THE INVESTIGATION ON A PRICE COMPARISON BASIS HAD JUST BEEN EXTENDED. OUR EFFORTS WITH THE EC COMMISSION TO ESTABLISH A PERMANENT STEEL COMMITTEE WERE AN EXTENSION OF OUR UNDERSTANDING TO SEEK MUTUALLY ACCEPT-ABLE MEANS FOR MANAGING THE STEEL PROBLEM. IF OUR INDUSTRY PERCEIVES THAT THIS ASPECT OF OUR EFFORTS IS FAILING, THEY WILL ONLY BE MORE INCLINED TO PURSUE
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OTHER COURSES OF ACTION. IN THIS CONTEXT WE VIEW THE UK'S POSITION AS COUNTER-PRODUCTIVE AND CONTRARY TO THE EFFORTS TO KEEP THE SITUATION UNDER CONTROL.

3. ALLOTT NOTED OUR COMMENTS BUT REITERATED THAT THIS WAS A MATTER OF SERIOUS CONCERN TO THE UK.

4. COMMENT: WE SUGGEST WASHINGTON INSTRUCT EMBASSY LONDON TO TAKE THIS MATTER UP WITH SENIOR HMG OFFICIALS DRAWING ON POINTS MADE BY UNDER SECRETARY COOPER AT US-EC BILATERALS AND THOSE MADE PARA 2 ABOVE.
SALZMAN

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 08 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition History: n/a
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